

# Noma Industries Limited

## ANNUAL REPORT 1972

**NOMA**

# Noma Industries Limited

375 Kennedy Road  
Scarborough, Ontario M1K 2A3  
(416) 267-4614

## CORPORATE DIRECTORY

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### DIRECTORS AND OFFICERS:

Mrs. Theresa Beck  
*Chairman of the Board*

H. Thomas Beck  
*President & Chief Executive Officer*

Rudolph A. Koehler  
*Executive Vice-President and Secretary*

Donald Rafelman  
*Director*

Andrew A. Wedd  
*Director*

### AUDITORS:

Touche Ross & Co., Toronto

### TRANSFER AGENT & REGISTRAR:

Montreal Trust Company

### STOCK LISTING:

Toronto Stock Exchange

Montreal Stock Exchange

### ANNUAL MEETING OF SHAREHOLDERS:

11 a.m. Friday, June 15, 1973

The Library, Royal York Hotel, Toronto

### SUBSIDIARY COMPANIES AND LOCATIONS

Noma Lites Canada Limited  
375 Kennedy Road  
Scarborough, Ontario  
President – H. T. Beck

Cable-Tech Wire Company Limited  
500 Main Street  
Stouffville, Ontario  
President – S. Riemer

Noma Displays Limited  
350 Oakdale Road  
Downsview, Ontario  
Manager – R. Bauman

Beck Electric Manufacturing Company  
Wiring Harness Division  
10 Alcorn Avenue  
Toronto, Ontario  
General Manager – L. Lowenthal

Beck Electric Manufacturing Inc.  
737 Canal Street  
Stamford, Conn., U.S.A.  
President – S. Jeruss

Noma Realty Limited  
375 Kennedy Road  
Scarborough, Ontario

Noel Lighting Limited  
375 Kennedy Road  
Scarborough, Ontario



# NOMA

May 25, 1973

To the Shareholders:

The following is an unaudited report of the financial results for the three months ending March 31, 1973, compared to the same period of 1972.

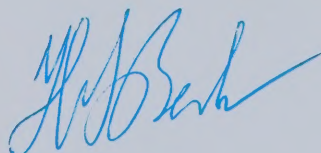
	<u>1973</u>	<u>1972</u>
Sales	\$2,024,000	\$1,403,000
Net earnings	\$ 66,000	\$ 21,000
Earnings per share	6.5¢	3¢

The earnings have been calculated on the anticipated new tax rate structure.

The Company's progress towards growth of non-Christmas consumer products is shown by these results, with a sales increase of over 45%. Sales in the first quarter have traditionally been the lowest, because of the seasonal nature of the Company's activities in the past.

It is believed that the strong demand for our products will continue and will increase profitability over last year.

Yours very truly,



H. Thomas Beck,  
President.



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**FINANCIAL HIGHLIGHTS****Noma Industries Limited  
ANNUAL REPORT 1972**

	<u>1972</u>	<u>1971</u> (11 months)
Sales .....	<b>\$13,659,000</b>	\$ 8,958,000
Earnings before extraordinary item .....	<b>904,000</b>	455,000
Extraordinary item .....	<b>184,000</b>	—
Net earnings .....	<b>720,000</b>	455,000
Earnings per common share before extraordinary item .....	<b>\$1.17</b>	63¢
Net earnings .....	<b>94¢</b>	63¢
Weighted average of number of common shares outstanding .....	<b>770,333</b>	721,000
Shareholders equity .....	<b>5,396,000</b>	2,453,000
Fixed assets (net) .....	<b>5,442,000</b>	2,398,000
Capital expenditures .....	<b>3,343,000</b>	1,356,000
Total assets .....	<b>11,934,000</b>	7,183,000
Working capital .....	<b>2,570,000</b>	1,243,000



## PRESIDENT'S MESSAGE

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### To the Shareholders:

1972 was the most significant year in the history of any of the enterprises associated with our Company. We made a successful entry into the U.S. market; 260,000 shares were offered to the public and subsequently the shares were listed on the Toronto and Montreal Stock Exchanges; and we achieved record sales and profitability.

The operating earnings, after tax, were almost doubled from \$455,000 in 1971 to \$903,000. This earnings increase was achieved from a significant sales boost, rising from \$8,958,000 in 1971 to \$13,659,000 in 1972. Even with an increased number of outstanding shares, the Company's net earnings per share has shown an increase of almost 50% from 63¢ to 94¢.

In making comparisons, it is pointed out that due to the change of the Company's fiscal year end in 1971, the figures for that year are for an 11 month period. However, sales in the past in the month of January – the missing month for the 1971 figures – have not had a significant effect on the total year's operations.

These very satisfactory increases in both sales and profitability were due largely to the Company's stronger penetration into the non-Christmas consumer product market, and the contribution made by our newly-established United States subsidiary, Beck Electric Manufacturing, Inc.

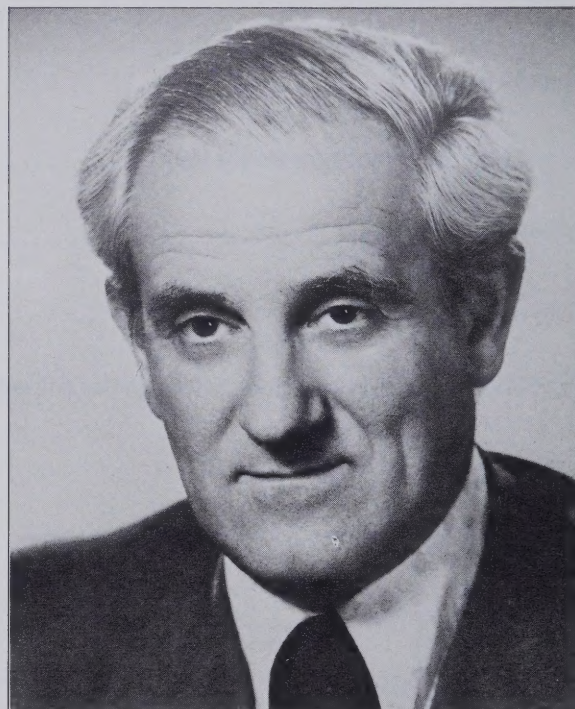
But while these two aspects made the most significant affect on our results, every division operated at a profit.

### EXTRAORDINARY ITEMS

The Company's net earnings have been affected by two extraordinary and non-recurring items amounting to \$183,000.

In 1972 the Company marketed for the first time an outdoor Christmas light string, featuring a lamp socket of a new design. Problems developed in the field with a small proportion of these strings, and the management decided to recall the entire production, which is being done at this time.

A new design has been effected, which completely overcomes the previous problem, and all returned light strings will be replaced with the new model. The total cost of this recall and replacement program has been put at approximately \$300,000 pre-tax (\$157,000 after tax).



The remaining \$26,000 item reflects a loss on investments of a subsidiary.

### OPERATIONS

#### Cable-Tech Wire Company Limited

Operating at full capacity for the major portion of the year, Cable-Tech continued to develop its sales of its products to outside customers, with the proportion supplied to associate companies declining. A rubber vulcanizing plant, built to further improve the Company's total production independence, became fully operational by the end of the year.

Other substantial capital equipment was added during the year, and further expansion will continue. In line with this plan, 10 acres of land, adjoining the plant, were acquired to facilitate future expansion.

#### Noma Lites Canada Limited

The building of a 73,000 square foot modern warehouse has almost doubled the storage space available, and has also made available considerably increased production capacity.



An overall increase in sales was recorded by this division but the biggest growth came from items of a non-seasonal nature, in accordance with the Company's overall plan of reducing the dependance on the Christmas trade.

#### **Noma Displays Limited**

The establishment of the large new warehouse at Noma Lites has enabled space formerly used for storage of Noma Displays products – the wide range of artificial Christmas trees – to be converted to manufacturing.

Automated techniques of producing a wider range of more life-like Christmas trees have helped to increase Company sales and profitability.

#### **Beck Electric Manufacturing Company (Electrical Harness Division)**

In concert with the growth in sales of electrical home appliances, this division's sales achieved a substantial increase.

During the year the operational area was increased and additional equipment installed to facilitate a widening of activities.

#### **Beck Electric Manufacturing, Inc.**

Operations commenced in the Spring of 1972, and the Company was operating profitably by the end of the year. All start-up costs were written off in the first nine months. The initial sales and profit objectives set for the Company were both achieved and surpassed during the fiscal year.

Subsequent to year-end the manufacturing capacity for the production of Christmas lights was doubled with the purchase of new equipment to be installed in the Company's new 60,000 square foot plant acquired in February. Facilities are also being installed in the new plant to allow for the expansion of the product line.

These larger premises, also in Stamford, Conn., will allow further utilization of techniques developed and perfected in Canada to be exploited in the much larger United States market. The increased capacity will likely lead to substantial increases in sales and profits from this division in 1973 and future years.

#### **OUTLOOK**

The considerable additional manufacturing facilities added during the past 18 months are already showing the effects in substantial sales increases in all aspects of the Company's operations in both Canada and the United States. It is anticipated that the growth in the United States will be particularly significant.

Signs are that we will continue to increase our sales of all our lines of Christmas products in both Canada and the United States.

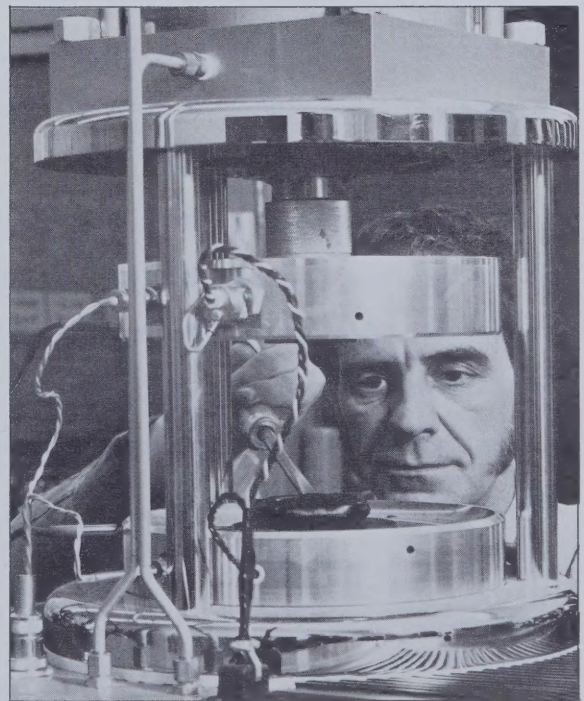
The emphasis placed by the Company in recent years in developing the sales of non-Christmas consumer products, has already shown successful results. Last year, more than half of the Company's production in Canada fell in this category, and it is firmly anticipated that this trend will continue.

A strong industry demand, coupled with our expanded line of wire and cable products should lead to significant growth in both sales and profits in this section of the Company's operations.

The assistance and encouragement given to us by all our employees, customers, suppliers and shareholders have been among our greatest assets and have been much appreciated.

On behalf of the Board of Directors,

H. THOMAS BECK,  
President.  
May 1, 1973



*A rheometer is used in Cable-Tech Wire Company's quality control laboratory to test rubber insulating material.*

## AUDITORS' REPORT

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TOUCHE ROSS & CO.

SUN LIFE BUILDING  
200 UNIVERSITY AVENUE  
TORONTO 110, ONTARIO  
(416) 366-6521

### AUDITORS' REPORT

The Shareholders,  
Noma Industries Limited.

We have examined the consolidated balance sheet of Noma Industries Limited and subsidiaries as at December 25, 1972 and the consolidated statements of earnings, retained earnings, contributed surplus and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of Noma Industries Limited and subsidiaries as at December 25, 1972 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding period.

*Touche Ross & Co.*

Toronto, Ontario,  
April 11, 1973.

Chartered Accountants.



# Noma Industries Limited

## CONSOLIDATED STATEMENT OF EARNINGS

FOR THE YEAR ENDED DECEMBER 25, 1972  
(with comparative figures for the eleven months ended December 25, 1971)

	1972	1971
Sales .....	<b>\$13,658,952</b>	\$8,957,693
Earnings before the undernoted charges .....	<b>2,229,633</b>	1,243,562
Interest on long-term debt .....	<b>112,126</b>	23,783
Depreciation and amortization (Note 10) .....	<b>338,428</b>	178,451
Earnings for the year before provision for income taxes, minority shareholders' interest and extraordinary items .....	<b>1,779,079</b>	1,041,328
Provision for income taxes (Note 11) .....	<b>800,780</b>	545,031
Minority shareholders' interest .....	<b>74,514</b>	41,080
Earnings for the year before extraordinary items .....	<b>903,785</b>	455,217
Extraordinary items (Note 12) .....	<b>183,800</b>	—
Net earnings for the year .....	<b>\$ 719,985</b>	\$ 455,217
Earnings per share before extraordinary items (Note 13) .....	<b>\$1.17</b>	63¢
Earnings per share after extraordinary items (Note 13) .....	<b>94¢</b>	63¢

# Noma Industries Limited

## CONSOLIDATED BALANCE SHEET AS AT DECEMBER 25, 1972

(with comparative figures for 1971)

### ASSETS

	1972	1971
Current		
Cash (Note 2) .....	\$ 127,952	\$ 408,957
Advances to directors, officers and shareholders .....	19,010	45,093
Loans to affiliated companies .....	—	182,657
Accounts and notes receivable .....	3,083,159	1,800,269
Deposits with suppliers .....	9,500	386,837
Income taxes recoverable .....	6,283	—
Inventories, at the lower of cost and net realizable value .....	2,579,415	1,613,473
Sundry assets and prepaid expenses .....	95,188	62,052
	<u>5,920,507</u>	<u>4,499,338</u>
Investment (Note 12 (b)) .....	—	26,000
Property, plant and equipment and leasehold improvements (Note 3) ....	5,442,185	2,398,100
Patents, at cost – less accumulated amortization (1972 – \$34,717; 1971 – \$28,835) .....	68,310	72,089
Deferred development costs – less accumulated amortization (Note 4) ....	142,010	161,899
Deferred financing and organization costs – less accumulated amortization .....	32,289	25,911
Excess of cost over net book value of subsidiaries at date of acquisition (Note 5) .....	328,842	—
	<u>\$11,934,143</u>	<u>\$7,183,337</u>

On behalf of the Board:

H. T. BECK, *Director*

R. A. KOEHLER, *Director*



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## LIABILITIES

	1972	1971
Current		
Bank indebtedness, secured .....	<b>\$ 1,346,000</b>	\$1,127,000
Loans from directors, officers and shareholders .....	<b>463,326</b>	28,477
Loans payable .....	<b>15,486</b>	40,412
Loans from affiliated companies .....	<b>—</b>	93,692
Accounts payable and accrued liabilities .....	<b>1,270,642</b>	1,413,062
Income and other taxes payable .....	<b>—</b>	348,613
Current portion of long-term debt .....	<b>254,700</b>	205,302
	<b>3,350,154</b>	3,256,558
Deferred income taxes .....	<b>395,196</b>	235,336
Long-term debt (Note 6) .....	<b>2,745,913</b>	1,103,050
Minority interests in subsidiaries .....	<b>47,149</b>	135,647
	<b>6,538,412</b>	4,730,591

## SHAREHOLDERS' EQUITY

Capital stock (Note 7)		
Issued and fully paid common shares .....	<b>2,456,860</b>	2,060
Surplus		
Contributed surplus (Note 8) .....	<b>42,600</b>	28,400
Retained earnings .....	<b>2,896,271</b>	2,422,286
	<b>2,938,871</b>	2,450,686
	<b>5,395,731</b>	2,452,746
	<b>\$11,934,143</b>	\$7,183,337

# Noma Industries Limited

## CONSOLIDATED STATEMENT OF RETAINED EARNINGS

FOR THE YEAR ENDED DECEMBER 25, 1972  
(with comparative figures for the eleven months ended December 25, 1971)

	1972	1971
Balance at beginning of the year .....	<b>\$2,422,286</b>	\$1,967,069
Net earnings for the year .....	<b>719,985</b>	455,217
	<b>3,142,271</b>	2,422,286
Less:		
Cash dividends on common shares including tax paid (\$30,000) on undistributed income .....	<b>200,000</b>	—
Expenses of share issue net of related income taxes (\$43,300) .....	<b>46,000</b>	—
Balance at end of the year .....	<b>\$2,896,271</b>	\$2,422,286

## CONSOLIDATED STATEMENT OF CONTRIBUTED SURPLUS

FOR THE YEAR ENDED DECEMBER 25, 1972  
(with comparative figures for the eleven months ended December 25, 1971)

	1972	1971
Balance at beginning of the year .....	<b>\$28,400</b>	\$14,200
Forgiveness of loan (Note 8) .....	<b>17,750</b>	17,750
Minority shareholders' interest .....	<b>3,550</b>	3,550
Balance at end of the year .....	<b>\$42,600</b>	\$28,400



## CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

(with comparative figures for the eleven months ended December 25, 1971)  
FOR THE YEAR ENDED DECEMBER 25, 1972

	1972	1971
Source of funds		
Net earnings for the year .....	<b>\$ 719,985</b>	\$ 455,217
Amounts charged against earnings but not requiring an outlay of funds		
Depreciation and amortization .....	<b>338,428</b>	178,451
Deferred income taxes .....	<b>159,860</b>	(15,787)
Minority shareholders' interest in net earnings of subsidiary .....	<b>74,514</b>	41,080
Extraordinary item (Note 12 (b)) .....	<b>26,000</b>	—
	<b>1,318,787</b>	658,961
Proceeds of shares issued .....	<b>2,454,800</b>	—
Increase in long-term debt (net) .....	<b>1,642,863</b>	695,033
Forgiveness of loan .....	<b>17,750</b>	17,750
	<b>5,434,200</b>	1,371,744
Application of funds		
Investment .....	—	11,000
Purchase of fixed assets – net of disposals .....	<b>3,343,117</b>	1,355,532
Patents and deferred development costs – net .....	<b>1,179</b>	10,475
Deferred financing and organization costs .....	<b>20,927</b>	25,911
Goodwill arising on the purchase of subsidiaries and minority interest (Note 5) .....	<b>328,842</b>	—
Redemption of preference shares of subsidiary (Note 14) .....	<b>45,000</b>	—
Acquisition of minority shareholders' interest .....	<b>121,562</b>	—
Expenses of share issue net of related income taxes .....	<b>46,000</b>	—
Dividends paid including tax paid thereon .....	<b>200,000</b>	—
	<b>4,106,627</b>	1,402,918
Increase (decrease) in working capital .....	<b>1,327,573</b>	(31,174)
Working capital, beginning of the year .....	<b>1,242,780</b>	1,273,954
Working capital, end of the year .....	<b>\$2,570,353</b>	\$1,242,780

# Noma Industries Limited

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 25, 1972

### 1. PRINCIPLES OF CONSOLIDATION AND COMBINATION

- (a) The consolidated financial statements include the accounts of the Company and all its subsidiaries. Noel Lighting Limited, a wholly-owned subsidiary, has been inactive throughout the periods covered by these statements and has no assets or liabilities. All significant inter-company transactions have been eliminated.
- (b) Assets and liabilities in foreign currencies have been converted to Canadian dollars as follows:  
 Current assets and liabilities at rates prevailing at the balance sheet dates.  
 Non-current assets and liabilities at rates prevailing when acquired or incurred.  
 Income and expenses have been converted at average exchange rates applying throughout the financial year.

### 2. CASH

Included in this item are funds of a subsidiary company in the amount of \$208,160 (1971 - \$212,760) which were not available for operating purposes under the terms of an agreement in respect of the purchase of machinery.

### 3. PROPERTY, PLANT AND EQUIPMENT AND LEASEHOLD IMPROVEMENTS

	1972	1971
Buildings, plant and equipment and leasehold improvements, at cost .....	<b>\$6,101,973</b>	\$3,058,803
Less accumulated depreciation and amortization .....	<b>1,222,803</b>	704,317
	<b>4,879,170</b>	2,354,486
Land, at cost .....	<b>563,015</b>	43,614
	<b>\$5,442,185</b>	\$2,398,100

Depreciation on the buildings of Noma Realty Limited is provided on the declining balance method.

In all other cases, depreciation is provided on the straight line method (on the basis of the net book value at February 1, 1968, of assets acquired before that date and the cost of assets acquired subsequent to that date).

These methods have been employed in a manner that is intended to extinguish the cost of the assets over their estimated useful lives.

### 4. DEFERRED DEVELOPMENT COSTS

Deducted from the deferred development costs is a contribution of \$150,000 received in 1970 from the Department of Industry of Canada under the Program for the Advancement of Industrial Technology in connection with the development and acquisition of a prototype machine for a total cost of approximately \$353,000. These costs are being amortized at the rate of 10% per annum on a straight-line basis. The contribution may be repayable in whole or in part if the prototype machine is sold or transferred to commercial use within a period of ten years.

### 5. ACQUISITIONS

On October 26, 1972 the Company acquired the following interests.

- (a) All the outstanding common shares of Noma Displays Limited, a manufacturer of artificial Christmas trees, for \$298,500 cash.
- (b) All the outstanding common shares of Noma Realty Limited, a property holding company, for \$750,000 cash.
- (c) The minority interest in Cable-Tech Wire Company Limited for \$312,500 cash.

These acquisitions have been reflected using "purchase accounting", and the details are set out below.

	Noma Displays Limited	Noma Realty Limited	Cable-Tech Wire Company Limited	Total
Net assets at book value .....	\$146,895	\$ 59,329	\$ —	\$ 206,224
Minority interest acquired .....	—	—	121,562	121,562
Increase of Noma Realty Limited's fixed assets to fair value .....	—	704,372	—	704,372
Goodwill arising on acquisition .....	151,605	(13,701)	190,938	328,842
Net assets and minority interest acquired for cash .....	<u>\$298,500</u>	<u>\$750,000</u>	<u>\$312,500</u>	<u>\$1,361,000</u>

The results of the operations of Noma Displays Limited and Noma Realty Limited and the proportionate share in the results of the operations of Cable-Tech Wire Company Limited, previously held by a minority interest, since the date of acquisition, have been included in the statement of earnings.

It is not presently proposed to amortize the goodwill arising on the acquisitions.

### 6. LONG-TERM DEBT

	1972	1971
Industrial Development Bank 8% due 1972 .....	\$ —	\$ 15,300
Department of Industry 5% .....	—	21,102
Term bank loans		
Due December 15, 1976 (i) .....	<b>320,000</b>	400,000
Due December 31, 1976 (ii) (a) .....	<b>374,720</b>	416,320
Due December 31, 1977 (ii) (b) .....	<b>416,320</b>	—
Due December 31, 1976 (iii) .....	<b>95,000</b>	—



Ontario Development Corporation – interest free forgivable loan (iv) .....	<b>124,250</b>	142,000
9½ % Mortgage (v) .....	<b>307,823</b>	313,630
8¾ % Mortgage (vi) .....	<b>1,250,000</b>	—
8¾ % Mortgage (vii) .....	<b>112,500</b>	—
	<b>3,000,613</b>	1,308,352
Less current portion .....	<b>254,700</b>	205,302
	<b>\$2,745,913</b>	<b>\$1,103,050</b>

- (i) Interest at ¾ of 1% above prime interest rate  
Repayable in instalments totalling \$80,000 per annum. Secured by a specific mortgage on certain machinery and equipment of a subsidiary.
- (ii) Payable in United States Dollars  
Interest at ¾ of 1% above New York prime interest rate (maximum 9¾ %).  
Repayable in instalments totalling \$104,000 per annum.

Under the terms of these loans the Company is required to keep on deposit in security agreement account amounts equal to 20% of the outstanding balances of the loans.

	(ii) (a)		(ii) (b)	
	1972	1971	1972	1971
Loan outstanding .....	\$468,400	\$520,400	\$520,400	\$ —
Security deposit .....	93,680	104,080	104,080	—
Net .....	<u>\$374,720</u>	<u>\$416,320</u>	<u>\$416,320</u>	<u>\$ —</u>

- (iii) Payable in United States Dollars  
Interest at ¾ of 1% above New York prime interest rate.  
Repayable in semi-annual instalments as follows:  
\$5,000 to December 31, 1973; \$12,500 June 30, 1974 to December 31, 1975; and \$15,000 June 30, 1976 and December 31, 1976.
- (iv) Secured by a specific mortgage on certain machinery and equipment and a floating charge on other assets of a subsidiary.
- (v) Mortgage on real property  
9½ % due September 1, 1991, repayable \$34,788 per annum including principal and interest.
- (vi) Mortgage on real property  
8¾ % due December 1, 1993, repayable \$131,076 per annum including principal and interest.
- (vii) Mortgage on real property  
8¾ % due September 28, 1977, repayable \$20,000 per annum including principal and interest with balance due September 28, 1977.

The annual payments required over the next five years to meet the long-term debt obligations are:

1973 .....	\$254,700
1974 .....	309,800
1975 .....	327,600
1976 .....	328,300
1977 .....	248,120

## 7. CAPITAL STOCK

### Authorized

At December 25, 1971 the authorized capital of the Company was:

- 45,000 5% non-cumulative preference shares with a par value of \$10 each.
- 10,000 common shares without par value, of which 2,060 common shares were issued and outstanding.

By articles of amendment dated August 28, 1972 and August 29, 1972, the authorized capital was changed by:

- (a) reclassifying the 45,000 preference shares into 45,000 common shares without par value;
- (b) subdividing the 52,940 unissued common shares without par value into 1,279,000 unissued common shares without par value; and
- (c) subdividing the 2,060 issued common shares without par value into 721,000 issued common shares without par value.

As a result, the authorized capital of the Company at December 25, 1972 was 2,000,000 common shares without par value.

Issued and fully paid

721,000 as noted in (c) above .....	\$ 2,060
36,000 issued for cash to a senior officer .....	315,000
260,000 issued for cash, pursuant to an agreement with underwriters, dated October 11, 1972 .....	2,139,800
<u>1,017,000</u>	<u>\$2,456,860</u>

#### 8. CONTRIBUTED SURPLUS

Pursuant to an agreement between Cable-Tech Wire Company Limited and the Ontario Development Corporation, that company received in 1969 the amount of \$177,500 interest free as a forgivable loan for the construction of new buildings and equipment. One-tenth of the loan has been forgiven at the end of each of the first, second and third years following the date of the final advance, a further one-tenth will be forgiven at the end of the fourth and fifth year and the balance of the loan is to be forgiven at the end of the sixth year, provided the company has operated its business in a manner satisfactory to the Ontario Development Corporation and has continuously carried on the business of manufacturing wire and cable in Stouffville, Ontario.

#### 9. CHANGE IN YEAR END

In 1971 the financial year end of the Company and its subsidiaries was changed to December 25.

#### 10. DEPRECIATION AND AMORTIZATION

	1972	1971
Depreciation .....	\$288,284	\$132,050
Amortization of:		
(a) leasehold improvements .....	10,748	6,365
(b) pre-production costs .....	—	6,055
(c) deferred development costs .....	18,965	28,676
(d) patents .....	5,882	5,305
(e) deferred financing costs .....	14,549	—
	<u>\$338,428</u>	<u>\$178,451</u>

#### 11. PROVISION FOR INCOME TAXES

The provision for income taxes has been reduced by approximately \$40,000 in respect of an investment tax credit due to a U.S. subsidiary.

#### 12. EXTRAORDINARY ITEMS

- (a) Subsequent to the year end, it was determined that a line of outdoor light strings produced by a subsidiary during 1972 might be hazardous in certain circumstances. Accordingly, management decided to discontinue this line. The light strings in inventory at December 25, 1972 have been written down to their scrap value and a provision has been made to cover the estimated cost of replacing the light strings sold in 1972 which may be returned, together with costs related thereto. These adjustments total \$157,800 net of related income taxes of \$148,609. This product has now been redesigned and the potential hazard eliminated.
- (b) In the opinion of management, the investment (cost \$26,000) has no value and has been written off.

#### 13. EARNINGS PER SHARE

Earnings per share have been calculated on the basis of the weighted average number of shares outstanding during the year and after giving effect to the subdivision of issued shares referred to in Note 7(c). Comparative earnings per share have been calculated on the basis of the number of shares outstanding at December 25, 1971, after giving effect to the subdivision of issued shares referred to in Note 7(c).

#### 14. REDEMPTION OF PREFERENCE SHARES OF A SUBSIDIARY

During the year a subsidiary company, Cable-Tech Wire Company Limited, redeemed preference shares having a par value of \$45,000 held by the minority shareholder.

#### 15. COMMITMENTS AND CONTINGENCIES

- (a) The total rentals paid for 1972 amounted to \$105,286 (1971 — \$84,000) under existing leases which are for various periods to 1980.
- (b) Under a supplemental executive pension plan established January 31, 1968, the Company is committed to make payments over the next sixteen years totalling approximately \$60,000 in respect of past service pension contributions.
- (c) There were letters of credit outstanding at December 25, 1972 of approximately \$394,000.
- (d) Outstanding purchase commitments for machinery and equipment amounted to approximately \$545,800 at December 25, 1972.

#### 16. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

The aggregate remuneration paid by the Company and its subsidiaries to the directors and senior officers of the Company was \$161,035 (1971 — \$143,636).

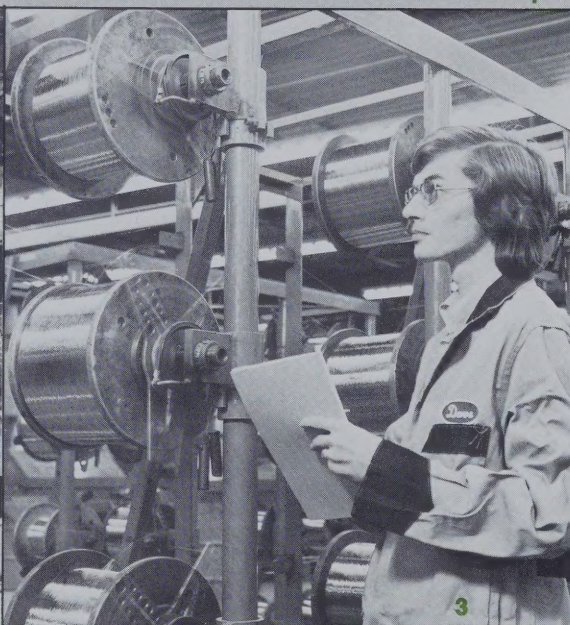




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1. Christmas light strings produced at the Stamford, Conn. plant of Beck Inc. come off an automated production line developed by Noma in Canada.

2. Equipment used for injection molding of plugs and connectors on to cord sets and extension cables at the Scarborough plant of Noma Lites Canada Limited.

3. Fine copper wire take-off (.006" diameter) for stranding operation to form flexible copper conductors at the Stouffville plant of Cable-Tech Wire Company.

4. A view of the new warehousing facility at Scarborough, showing stocks of artificial Christmas trees (for the 1973 season) manufactured by Noma Displays Limited.



